

**Internal Revenue Service
P.O. Box 2508
Cincinnati, OH 45201**

Department of the Treasury

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Employer Identification Number:

Contact Person - ID Number:

Contact Telephone Number:

UIL: 4945.04-04

LEGEND

X=
Y=
Z=
x=

Dear :

We have considered your request for advance approval of your grant-making program under section 4945(g)(1) of the Internal Revenue Code, dated May 16, 2008.

Our records indicate that X was recognized as exempt from Federal income tax under section 501(c)(3) of the Code and that it is classified as a private foundation as defined in section 509(a).

Your letter indicates that X will operate a grant-making program called Y.

The Y program will provide educational scholarships to adult, working students attending Z each academic quarter. The primary purpose of the Y is to provide and encourage higher education for working adults by helping to lessen the financial burden of going to college. The scholarship, in the amount of x, will be disbursed directly to Z on the recipient's behalf in two increments: one installment at the start of the recipient's second academic quarter, and the second installment at the start of the recipient's third academic quarter. The amount of the award may change in the future. Currently, one scholarship will be awarded each academic quarter for each Z location.

The scholarships are publicized in Z catalogs at each college location, informing the students of the availability of the scholarships.

The specific criteria used to determine who is eligible for an award includes:

- The recipient must complete and submit an application.

- The recipient must be enrolled full-time in a program of study at Z.
- The recipient must be a U.S. citizen or serving/have served in the U.S. military.
- The recipient must have \$0 Expected Family Contribution (EFC) as determined under the U.S. Department of Education's (ED) regulations. The recipient's EFC will be determined based on the recipient's information used to apply for federal student financial aid in his or her first academic year of study at Z.
- The recipient must be enrolled full-time in a program of study at Z at the time of each disbursement of the Y award.
- The recipient must be classified as an independent student under the ED's federal student financial aid regulations.
- The recipient must be making satisfactory academic progress in his or her program of study at Z at the time of each disbursement of the Y award.
- A recipient is only eligible to receive one award.
- Unless specifically authorized by X, any subsequent disbursement(s) of the Y with respect to the recipient will be cancelled if the recipient fails at any time to be enrolled full-time in a program of study at Z during the recipient's first academic year of study at Z.

Relatives of members of the selection committee, or of X's officers, directors, or substantial contributors are not eligible for an award.

The selection committee is comprised of the Trustees of X. No direct or indirect benefit accrues to any member of the selection committee if certain potential grantees are selected over others.

The specific criteria used to select recipients will be the recipient's information obtained from his or her application, including satisfactory academic progress, employment experience, career objectives, financial and personal challenges, and positive letters of recommendation.

The procedures for supervising the scholarship involve payment of the award to Z on behalf of the recipient. Z, pursuant to an arrangement with X, will apply the award to the recipient's tuition only if the student meets the criteria at the time of the award and at the time the award is to be applied to his or her tuition at Z.

X agrees to maintain records that include the following:

- (i) Information used to evaluate the qualification of potential grantees;
- (ii) Identification of the grantees (including any relationship of any grantee to the private foundation);
- (iii) The amount and purpose of each grant; and

(iv) All grantee reports and other follow-up data obtained in administering the private foundation's grant program.

Sections 4945(a) and (b) of the Code impose certain excise taxes on "taxable expenditures" made by a private foundation.

Section 4945(d)(3) of the Code provides that the term "taxable expenditure" means any amount paid or incurred by a private foundation as a grant to an individual for travel, study, or other similar purposes by such individual, unless such grant satisfies the requirements of subsection (g).

Section 4945(g) of the Code provides that section 4945(d)(3) shall not apply to individual grants awarded on an objective and nondiscriminatory basis pursuant to a procedure approved in advance if it is demonstrated that:

- (1) The grant constitutes a scholarship or fellowship grant which is subject to the provisions of section 117(a) and is to be used for study at an educational organization described in section 170(b)(1)(A)(ii);
- (2) The grant constitutes a prize or award which is subject to the provisions of section 74(b), if the recipient of such prize or award is selected from the general public, or
- (3) The purpose of the grant is to achieve a specific objective, produce a report or similar product, or improve or enhance a literary, artistic, musical, scientific, teaching, or other similar capacity, skill, or talent of the grantee.

Section 53.4945-4(c)(1) of the Regulations provides that to secure approval, a private foundation must demonstrate that:

- (i) Its grant procedure includes an objective and nondiscriminatory selection process;
- (ii) Such procedure is reasonably calculated to result in performance by grantees of the activities that the grants are intended to finance; and
- (iii) The foundation plans to obtain reports to determine whether the grantees performed activities that the grants are intended to finance.

Based on the information submitted and assuming your award programs will be conducted as proposed with a view to provide objectivity and nondiscrimination in making the awards, we have determined that your procedures for granting the awards comply with the requirements contained in section 4945(g) of the Code and that awards granted in accordance with such procedures will not constitute "taxable expenditures" within the meaning of section 4945(d)(3).

In addition, we have determined that awards made under your procedures are excludable from the gross income of the recipients subject to the limitations provided by section 117 of the Code.

This determination is conditioned on the understanding that there will be no material change in the facts upon which it is based. It is further conditioned on the premise that no grants will be awarded to foundation managers, or members of the selection committee, or for a purpose that is inconsistent with the purpose described in section 170(c)(2)(B) of the Code.

The approval of your award program procedures herein constitutes a one-time approval of your system standards and procedures designed to result in awards which meet the requirements of section 4945(g)(1) of the Code. This determination only covers the grant programs described above. Thus, approval shall apply to subsequent award programs only as long as the standards and procedures under which they are conducted do not differ materially from those described in your request.

Any funds you distribute to individuals must be made on a true charitable basis in furtherance of the purposes for which you are organized. Therefore, you should maintain adequate records and case histories so that any or all award distributions can be substantiated upon request by the Internal Revenue Service.

This determination is directed only to the organization that requested it. Section 6110(j)(3) of the Code provides that it may not be used or cited as a precedent.

You must report any future changes in your grant making procedures. Please keep a copy of this letter in your permanent records.

We have sent a copy of this letter to your representative as indicated in your power of attorney.

If you have any questions, please contact the person whose name and telephone number are shown above.

Sincerely yours,

Robert Choi
Director, Exempt Organizations
Rulings and Agreements